

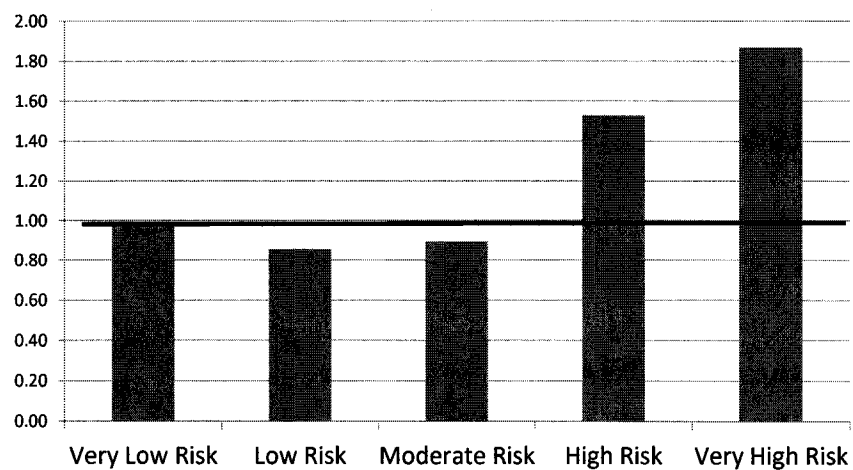
Understanding Medicaid

	Current Sample				
	Total	Adult	Child	Disabled	Elderly
Total People	24,999	8,021	14,697	3,302	979
Percent of Sample	100	24.08	58.79	13.21	3.92
People Ever Eligible in Year	24,999	8,021	14,697	3,302	979
People Eligible for All 12 Months	16,397	2,276	10,527	2,778	816
Percent Eligible for All 12 Months	65.59	37.8	71.83	84.13	83.35
Person Years	21,136	4,138	13,034	3,063	904
Percent of Person Years in Group	100	19.57	61.66	14.49	4.28
Mean Months of Eligibility	10.15	8.25	10.64	11.13	11.08

Composition of MT Medicaid (relative to U.S. Medicaid)

	U.S. Medicaid	Montana Medicaid				
		Total	Adult	Child	Disabled	Elderly
Total People (%)	100	100	100	100	100	100
Female (%)	56.26	52.13	59.84	48.99	48.49	64.04
Male (%)	43.74	47.87	40.16	51.01	51.51	35.96
Child: Age 0 to 17	48.82	62.45	2.47	100	23.23	0
Young Adult: Age 18 to 44	37.36	25.46	87.89	0	32.5	0
Older Adult: Age 45 to 64	13.26	8.16	9.63	0	44.19	0.1
Senior: Age 65+	0.56	3.92	0	0	0.09	99.9
Mean Age	22.59	21.93	25.81	13.34	37.08	75.69

MT Medicaid Population is High Risk



Adjusting for Age/Sex, and Claims History

	Benchmark	Current Sample				
		Total	Adult	Child	Disabled	Elderly
		Distribution of Person Years				
Person Years (Year 1)	1,988,997	21,138	4,138	13,034	3,063	904
Percent of Sample	100.00%	100.00%	19.57%	61.66%	14.49%	4.28%
Relative Risk Scores	Normalized to U.S. Medicaid Population					
Age/Sex Model	1	0.96	1.31	0.77	1.51	na
Concurrent Model	1	1.34	1	0.8	3.72	2.65
Relative Risk Scores	Normalized to Montana Medicaid Sample Population					
Age/Sex Model		1	1.36	0.81	1.57	na
Concurrent Model		1	0.75	0.6	2.78	1.98

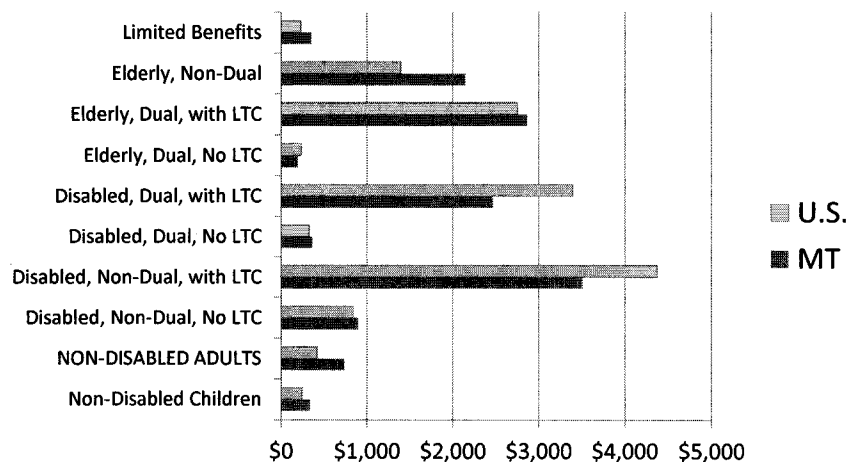
What Types of Ailments Will Providers Most Likely See?

Condition Category	Rates per 10,000 Montana Medicaid Enrollees		
	U.S. Benchmark	MT: Total	MT: Adults Only
Mental	1,927	2,627	2,732
Musculoskeletal & Connective Tissue	1,932	2,488	2,397
Substance Abuse	675	826	1,211
Neurological	553	688	606
Eyes	1,108	2,817	1,865
Pregnancy Related	500	462	1,574
Injury, Poisoning & Complications	1,974	2,428	2,094
Symptoms, Signs & Ill-Defined	3,677	8,018	7,818

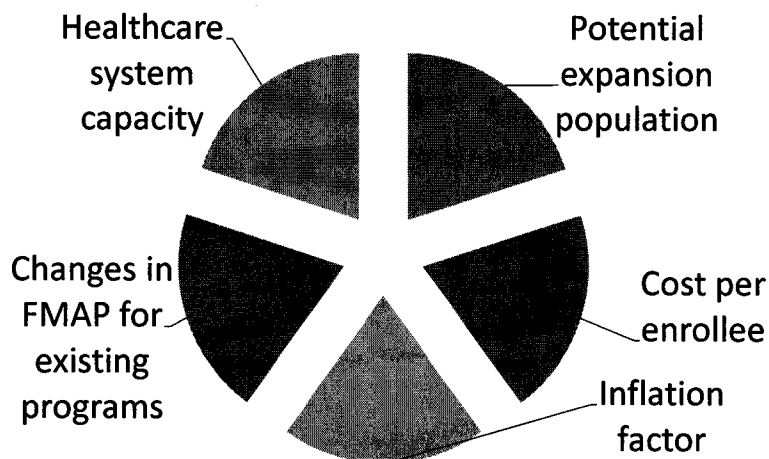
Mental health is big problem

Condition Category (CC)	U.S. Rate per 10,000	Montana Medicaid Rate per 10,000				
		Total	Adult	Child	Disabled	Elderly
ACC012: Mental	1,927	2,627	2,732	1,963	5,433	2,482
54: Schizophrenia	110	158	126	13	812	337
55: Major Depressive, Bipolar, and Paranoid Disorders	771	1,248	1,450	798	3,041	715
56: Reactive and Unspecified Psychosis	60	113	86	40	409	378
57: Personality Disorders	44	112	148	19	472	72
58: Depression	658	932	884	738	1,890	930
59: Anxiety Disorders	495	882	699	812	1,720	225
60: Other Psychiatric Disorders	908	988	815	780	2,129	797

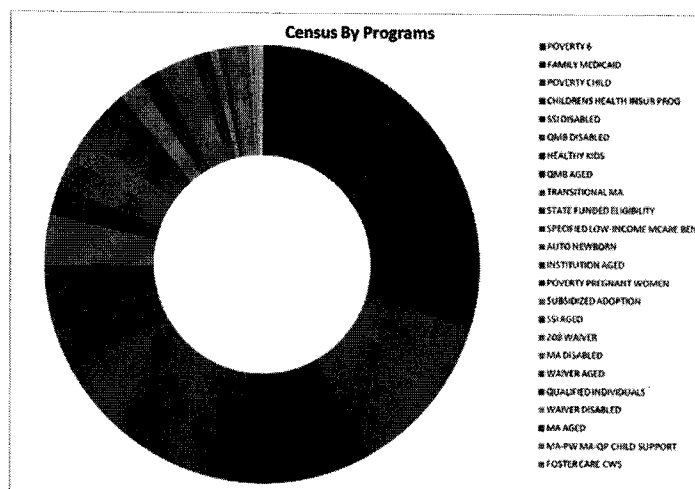
PMPM Medicaid Costs, by Sub-Group



Major Cost Drivers in Medicaid Expansion



Moving Parts to Medicaid, over 50 dependent codes



How Would Our Expansion Stack Up To Other States?

- Medicaid Expansion Index: MT = 99.6
 - WY = 114.7, ID = 100.5, WA = 89.9, ND = 95.0
- The 8 “No” States to expansion
 - ME= 67.2, AL = 109.8, GA = 126.1, LA = 135.3, MS = 127.7, SC = 123.8, TX = 120.2, OK = 143.7

Income-Health Gradient in Silver Plan

Family Income as % of Federal Poverty Level	Eligible for Exchange Credit?	Eligible for Cost Sharing Subsidy (if in Silver Plan)?	Fair or Poor Health, Uninsured Adults	
			30-49 Years Old	50-64 Years Old
< 138%	Medicaid	Medicaid	32% (26%)	28% (38%)
138% - 250%	Yes	Yes	8% (16%)	30% (29%)
250% - 400%	Yes	No	-- (11%)	-- (23%)
400%+	No	No	-- (9%)	-- (12%)

The Potential Uninsured Population

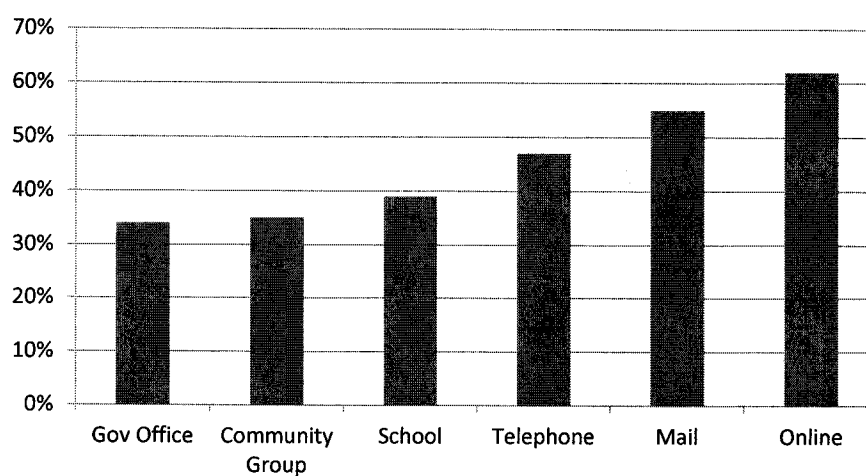
Population Label	Federal Poverty Level (FPL) 2012	Individual Income Threshold	Family 4 Income Threshold	Number of Potential Eligibles
Expansion	< 138%	\$15,415	\$31,809	69,000
Bubble, Churn	> 138% < 150%	\$15,415 - \$16,755	\$31,809 - \$34,575	4,000
Bubble, Churn	> 138% < 200%	\$15,415 - \$22,340	\$31,809 - \$46,100	30,000
Donut Hole	> 33% < 100%	\$3,686 - \$11,170	\$7,607 - \$23,050	37,000
Woodwork, Welcome Mat	< 33%	\$3,686	\$7,607	4,000

The Potential Insured Population

Population Label	Federal Poverty Level (FPL) 2012	Individual Income Threshold	Family 4 Income Threshold	Number of Potential Eligibles
Crowd Out	< 138%	\$15,415	\$31,809	14,000

Enrollment Preferences

2011 Study "Parents' Views of CHIP & Medicaid"



Source: Lake Research Partners, National Children's Health Insurance Summit, November 2011

“Potential” is Adjusted per Take-Up

- 43% Louisiana to 83% Massachusetts
- National average is 63%
- MT experience somewhere 50% - 60%
- Conservative states lower take up rates (54%)
- BBER Methodology
 - Starts at 57% 2014, incrementally increases year-by-year to maximum of 83% in 2020
- Take up function of marketing

Other Modeling Assumptions for Cost

- Medicaid population grows at 1% annually
- Traditional and Expansion FMAP's split per FY
- PMPY Costs highly variable by subpopulation
 - 42,000 uninsured are childless adults
 - 11,000 (25%) report fair to poor health
 - MT Medicaid population in general less healthy than national Medicaid
 - Mathematica, DPHHS, BBER-MAHCP \$9,000
- PMPY costs escalate per CPI-medical care (3.6%)
- Administrative costs estimated at 6% total cost
 - Mathematica Policy Institute

The Gross Cost: The Sticker Price (millions of dollars)

	State Costs		Federal Costs		Total State & Federal	
	Low	High	Low	High	Low	High
FY 2014	\$12.2	\$13.7	\$294.5	\$329.2	\$306.7	\$342.9
FY 2016	\$24.9	\$27.9	\$710.0	\$793.8	\$734.9	\$821.7
FY 2018	\$72.8	\$81.4	\$801.4	\$895.9	\$874.1	\$977.3
FY 2020	\$115.9	\$129.5	\$937.5	\$1,048.2	\$1,053.4	\$1,177.7
FY 2014- FY 2021	\$517.7	\$578.8	5,976.7	\$6,682.1	\$6,494.5	\$7,260.9

Why are there costs to the state in the early years?

- The claims cost of the Medicaid “expansion” population is \$0 from 2014 -2016
 - State receives 100% federal match
- Costs, however, are incurred in the early years
 - Wood work population will enroll in traditional Medicaid and is subject to annually adjusted Federal Medical Assistance Percentage (66% federal, 34% state)
 - State will incur administrative expenses
- Lumpy entry of newly eligible (although paid for by federal government, still add to admin costs)

Urban Institute Estimate of Cost

- 84 % of BBER estimate for low cost scenario
- 75 % of BBER estimate for high cost scenario
- Why the difference?
 - lower take up rates
 - expansion population based on 133%, not 138%
 - BBER's PMPM almost 2X Urban Institute PMPM
 - BBER escalates PMPM at ½ rate Urban Institute
 - other, you'd have to ask UI (FMAP per FY, etc.?)

Anything else to consider.....?

- Lowest hanging "quantifiable" fruit is
 - Uncompensated care
 - Medicaid disproportionate share hospital payments
 - Montana's incarcerated receiving off-premises health care, and most importantly...
 - The impact of federal dollars on Montana's economy

Uncompensated care

Health Care Delivery Setting	2011 Uncompensated Care <i>Costs</i> (millions of dollars)
Hospitals	\$244.9 (six-year average)
Community Providers	\$102.1
Physicians	\$54.6
Total Uncompensated Care in Montana	\$401.6

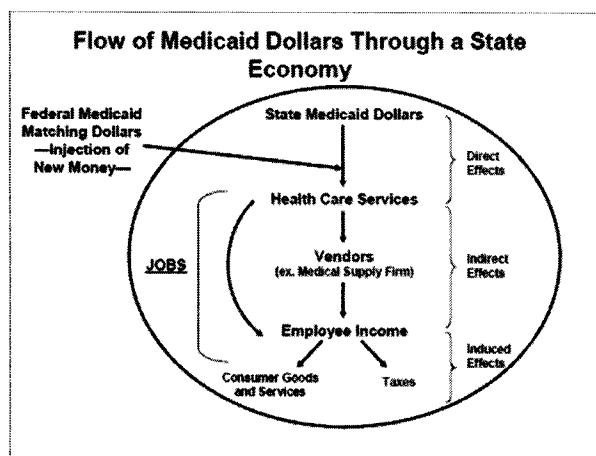
Medicaid DSH Allotments (reduced by federal government no matter what)

Fiscal Year	Federal Reduction-U.S.	Federal Reduction-MT
	millions of dollars	
FY 2014	\$500.0	\$0.5
FY 2016	\$600.0	\$0.6
FY 2018	\$5,000.0	\$5.0
FY 2020	\$4,000.0	\$4.0
FY 2014-FY2020	\$10,800.0	\$18.1

Uncompensated Care & DSH

Fiscal Year	millions of dollars	
	With Medicaid expansion	Without Medicaid expansion
FY 2014	\$392.3	\$439.3
FY 2016	\$355.1	\$471.5
FY 2018	\$368.1	\$510.4
FY 2020	\$370.1	\$546.5
FY 2014 – FY2021	\$3,899.3	\$4,003.7

The impact of “new” dollars



Federal \$ Economy-wide Impact...

Low = \$5.5 B High = \$6.1 B	Employment		Labor Income		State & Local Taxes Collected	
	Low	High	Low	High	Low	High
	millions of dollars					
FY 2014	5,300	5,900	\$201.9	\$225.7	\$21.0	\$23.5
FY 2016	12,000	13,400	\$480.2	\$536.8	\$50.1	\$55.9
FY 2018	12,700	13,400	\$529.5	\$559.7	\$54.7	\$58.3
FY 2020	13,000	14,500	\$564.6	\$631.3	\$58.9	\$65.7
FY 2014 – FY 2021	Na	Na	\$3,815.3	\$4,233.2	\$397.2	\$441.0

Net Cost/Savings to State (millions of dollars)

	State Costs		Uncompensated Care including DSH Reductions	Additional State & Local Tax Revenue		Net Cost (+) Net Savings (-)	
	Low	High		Low	High	Low	High
FY 2014	\$12.2	\$13.7	\$46.4	\$21.0	\$23.5	-\$55.2	-\$56.3
FY 2016	\$24.9	\$27.9	\$7.3	\$50.1	\$55.9	-\$32.5	-\$35.4
FY 2018	\$72.8	\$81.4	\$3.8	\$54.7	\$58.3	+\$14.3	+19.3
FY 2020	\$115.9	\$129.5	\$9.9	\$58.9	\$65.7	+\$47.1	+\$53.9
FY2014–FY2021	\$517.7	\$578.8	\$86.3	\$397.2	\$441.0	+\$34.2	+\$51.5

Incarcerated medical costs shifted to expansion FMAP

- Average annual incarcerated receiving medical care off-premises, 2010-2012 = 2,238
- Average annual medical expenses, excluding pharmacy, 2010-2012 = **\$6.6 million**

Medicaid expansion impact on ambulatory medical care demand

	Primary Care	Surgical Specialty	Medical Specialty	Hospital Out-patient	Hospital ER	Total Office Visits
Private Coverage	131,768	39,416	32,656	(1,976)	(19,760)	182,104
Medicaid Coverage	128,792	10,812	10,064	44,676	27,608	221,952
Total Change	260,560	50,228	42,720	42,700	7,848	404,056

Can Montana's primary care system handle the added demand?

- Supply = 2.1 million office visits
- Demand = 2.0 office visits, after expansion
- Surplus of 82,000 office visits statewide

Thanks for your patience

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